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# PAYING FOR ONLINE NEWS

## A comparative analysis of six countries

**Richard Fletcher** and **Rasmus Kleis Nielsen**

*Private news media across the world are trying to develop pay models for news. Our understanding of what drives behaviour and attitudes to paying for online news, however, remains limited. We use survey data from six countries (France, Germany, Japan, Spain, United Kingdom, and United States) to investigate three hypotheses: (1) those who use public service media for online news are less likely to pay for/express a willingness to pay because they have a reference price of zero for online news, (2) those who pay for print newspapers are more likely to pay for/express a willingness to pay for online news because they have a reference price above zero for offline news, and (3) that younger people are more likely to pay for/express a willingness to pay for online news because they are more likely to have a reference price above zero for other digital content. Our analysis supports Hypotheses 2 and 3, but not Hypothesis 1. Therefore, paying for offline news increases the likelihood of paying for online news because it helps create a reference price above zero. However, consuming free online news from public service media does not by itself create a reference price of zero for online news.*

**KEYWORDS:** business of news; comparative research; online news; paying for news; paywalls; reference price

### Introduction

Private news media across the world are trying to develop pay models for news, as advertising revenues alone look insufficient to sustain existing forms of professional journalistic news production (Cagé 2016; Herbert and Thurman 2007; Myllylahti 2014; Swatman, Krueger, and van der Beek 2006). Both popular and elite newspapers (like *Bild* and *The New York Times*) and online-only news sites (like DeCorrespondent and MediaPart) are experimenting with pay models, including hard or metered paywalls, freemium models, memberships, and micropayments. Some have struggled. (The British tabloid the *Sun* abolished its paywall in August 2015 less than two years after introducing it.) Others seem to thrive. (The *Financial Times* has more than three-quarters of a million subscribers, more than at any point in its history.) Yet, with some variation country to country, only a minority of people are paying for online news (Fletcher et al. 2015; Newman, Levy, and Nielsen 2015), prompting analysts to question whether pay models will ever work in a media environment where many have become accustomed to free news (e.g. Pickard and Williams 2014). This, combined with declining print circulations and decreasing advertising revenues, is already posing an existential problem for some

private news providers. But as important as the fate of individual organizations may be—not least for the journalists who work for them, and the readers that rely on them—the significance of this development is likely to run deeper because, as Hamilton (2004) has shown, broad changes to the economics of news that result from market forces can directly affect the quality and character of news coverage. Some scholars have responded by examining what news content is typically placed behind a paywall compared to what is still offered for free (e.g. Sjøvaag 2016). However, our understanding of what drives pay behaviour and attitudes among audiences across different markets remains limited. Most previous studies, while valuable, have used surveys with a small number of respondents and do not explore whether findings are consistent across countries (e.g. Chyi 2005, 2012; Goyanes 2014; Kammer et al. 2015).

In this study, we use survey data from the 2015 *Reuters Institute Digital News Report* to analyse factors related to paying for online news and expressing a willingness to pay for it in the future. We conduct the analysis across a strategic sample of six different high-income democracies with different media systems to identify factors that are consistent across different contexts. The six countries are France, Germany, Japan, Spain, the United Kingdom, and the United States.

We focus in particular on the possible role of people's reference price for news (the price people consider reasonable to pay) (Kalyanaram and Winer 1995; Mazumdar, Raj, and Sinha 2005). Many academics and commentators have suggested that one of the central challenges facing pay models for online news is a "culture of free" where people expect to be able to access content as free at the point of consumption (see e.g. Goyanes 2014; Hill and Lashmar 2013). The idea has also been evoked explicitly by news organizations themselves in their coverage of the digital content business (e.g. Greenslade 2010; Haberman 2014). For a newspaper industry historically supported by a combination of sales revenues and advertising revenues, and facing an always-difficult and increasingly challenging digital advertising market, this is clearly a potentially serious obstacle to long-term commercial sustainability (Brock 2013). It is part of the reason commentators like Arianna Huffington (2009) have declared that "the paywall is history".

In light of the importance ascribed to the "culture of free" online and to advance our understanding of the business of online news, we focus on the possible role of people's reference price for news and investigate three hypotheses: (1) that people who rely on public service media for online news are less likely to pay for/express a willingness to pay for online news because they have a reference price of zero for some of the online news they access, (2) that people who already pay for print newspapers are more likely to pay for/express a willingness to pay for online news because they have a reference price above zero for some of the offline news they use, and (3) that younger people are more likely to pay for/express a willingness to pay for online news in part because they may be more accustomed to a reference price of above zero for other forms of digital content, such as music and video download/streaming services.

Controlling for a number of socio-demographic, news attitude, and online news use variables, we find that (H1) there is no significant negative association between using public service news and paying for online news or expressing a willingness to pay for online news, (H2) paying for (offline/print) newspapers is strongly and positively associated with paying for online news and expressing a willingness to pay for online news, and (H3) that people within younger age groups are more likely to pay for online

news or express a willingness to pay for online news. H2 and H3 are thus supported, but H1 is not. In other words, paying for printed news increases the likelihood of paying because it helps create a reference price of above zero for online news. At the same time, the consumption of free online news from public service media does not *by itself* help create a reference price of zero for all other online news. We conclude by noting some limitations of the analysis and discuss the wider implications for digital journalism and its commercial underpinnings, noting in particular that while low reference prices may be part of the challenge facing the business of online news, a more important concern for publishers is how to distinguish paid-for news content from that which people expect to get for free.

In the next section of the article, we review existing work on paying for online news and develop our three hypotheses and, in the following section, we discuss the research design including the choice of countries and the survey data used. We present the analysis and results in the third section and, in the concluding section, we discuss the wider implications.

### Paying for Online News

Private news media have historically based their business models on a combination of sales revenues and advertising revenues. In the newspaper business (which accounts for the majority of journalistic employment and investment in news production in most high-income countries) this was, and still is, generated by the bundling of editorial content and advertising sold to subscribers, and as single copies (Doyle 2013; Picard 2011). In recent years, the rise of digital media have put these business models under considerable pressure, as decades-old downwards trends in print newspaper readership have accelerated and the internet has proved to be a challenging environment for both the sales and the advertising part of the business of news (Nielsen 2016). Developments are not the same everywhere, as differences in inherited media habits/preferences, industry structures, and policies means that the rise of digital media is playing out differently in different countries (Levy and Nielsen 2010). But the broad direction of travel is the same, and points to a future where traditional sources of revenue will continue to decline and private news media will have to develop new business models for digital news production (Nielsen 2012).

The most common approach to the business of online news has been to offer it as free at the point of consumption, but supported by advertising. In the mid-1990s, as newspapers went online, they found very limited numbers of users willing to pay for news, but saw considerable year-on-year growth in the number of users seeking out free news online. The growth potential, combined with an initial assumption that since online advertising was in some ways better (from the point of view of the advertiser) than print advertising, and might therefore be expected to command a higher price, led almost all newspapers to offer their news for free online, hoping that the audience would grow to a point where advertising revenues alone could sustain the business. What happened, however, was that the development of a whole range of other, in some cases far more popular and from advertisers' point of view far more cost-effective online services, like search engines, classified websites, and social media, meant that newspapers generated far less digital advertising than expected and increasingly

realized that for most news media, digital advertising alone was unlikely to ever generate revenues to sustain significant investments in news production.

This led a growing number of news organizations to turn to pay models, from 2010 onwards first in France (*Le Figaro*) and Germany (*Berliner Morgenpost*, *Hamburger Abendblatt*) and later in 2011 in the United States (*The New York Times*). By 2014, more than 70 per cent of all daily newspapers in the United States had some sort of pay model, up from 47 per cent in 2012 and almost none in 2010.<sup>1</sup> So far, the performance has been mixed. Most newspapers have seen gradual growth in the number of people paying for online news, but the growth has often been slow. As of 2015, the percentage of people paying for online news is still in the single-digits in most countries, and far more people pay for print newspapers than for online news (Fletcher et al. 2015; Newman, Levy, and Nielsen 2015).

One reason offered for why relatively few people pay for online news is the idea that the internet is dominated by a “culture of free” where people expect content and services to be available free at the point of consumption. We may be willing to pay for hardware, software, and connectivity, but not for content and services offered online. As Facebook puts it on their landing page: “It’s free and always will be.” For news organizations trying to convince users to pay for news, a “culture of free” presents a problem because the price tag put on any pay model will be compared with a reference price of zero.

Economists and market researchers define the reference price as the internal standard against which observed prices are compared (Mazumdar, Raj, and Sinha 2005). The point is that people do not simply estimate cost–benefit on the basis of observed prices and expected benefits, but also keep in mind what comparable products/services cost. A long tradition of research supports three broad generalizations (Kalyanaram and Winer 1995). First, consumers do in fact use reference prices when choosing between products and services. Second, consumers rely on past prices as part of the reference price formation process. Third, consumers have been found to be more sensitive to “losses” (observed prices higher than reference prices) than “gains”. It is clear that these findings represent a major challenge for pay models for online news. If my reference price is zero, in part based on past experience that news is available for free, and if I am loss averse and tend to stick to (free) news I am used to rather than (paid-for) news that may not be any better, convincing people to sign up for a digital subscription will be hard.

A particular problem with the “culture of free” here is that zero is a special reference price (Shampanier, Mazar, and Ariely 2007). Experiments have shown that when faced with a choice involving free products, people do not simply subtract costs from expected benefits, but instead perceive the benefits associated with free products as higher. In contrast with a standard cost–benefit perspective, in the zero-price condition, many more participants choose the cheaper option, and fewer participants choose the more expensive option. In short, people act as if zero pricing of an item not only decreases its cost, but also adds to its benefits. This is a particularly pronounced challenge for news producers if, as some have suggested, the abundance of news available online has led to the commoditization of news; in other words, the development of a market where people see much of the news on offer as indistinguishable in terms of attributes and expected benefit (Nielsen 2016).

Although the culture of free pervades much online media consumption, recently some services have been able to buck this trend, and have been particularly successful in persuading younger people to part with their money. Reliable data from recent years is hard to come by, but GlobalWebIndex reports that one in five of those aged between 17 and 31 (so-called “millennials”) pay monthly for video-on-demand and music streaming services such as Netflix and iTunes (McGrath 2015). In the United Kingdom and the United States, 36 per cent of Spotify of users under 35 were paying to use it; more than double the number for other age groups (Mander 2015). If these services and others like them become more popular, the “culture of free” may begin to erode, particularly in the minds of those who have only ever experienced an internet where paying for digital media is normal.

To investigate empirically the possible role of people’s reference price for news in shaping people’s decision to pay for online news or their willingness to pay for online news in the future, we focus on three sets of hypotheses. First (H1), we expect there to be a negative association between consuming online news from public service media and paying for online news, because consuming free news should reinforce a reference price point for news content of zero. Second (H2), we expect there to be a positive association between paying for a printed newspapers and paying for online news, because already paying for news suggests a reference price point for offline news content above zero (based on past prices). Third (H3), we expect younger people to be more willing to pay for online news, in part because their reference price point for digital content and services is less likely to be zero. Though there are likely to be other reasons why younger people might be more likely to pay for online news, they have nonetheless grown up in a digital media environment with a far greater range of pay services (apps, streaming services, video-on-demand) than older people, who have grown accustomed to an internet dominated by a culture of free. For all three hypotheses, we will investigate both reported pay behaviour and reported willingness to pay in the future.

**H1:** There is a negative association between consuming online news from public service media and paying for/willingness to pay for online news.

**H2:** There is a positive association between paying for a printed copy of a newspaper and paying for/willingness to pay for online news.

**H3:** There is a negative association between age and paying for/willingness to pay for online news.

## Research Design

While news media have broadly similar business models in most high-income democracies, different media systems have developed in quite different ways over time. Many parts of Northern and Western Europe, for example, have had historically high levels of newspaper readership, whereas most countries in Southern Europe have had much lower levels (Hallin and Mancini 2004). Similarly, the scale and scope of state intervention in media markets have differed significantly, even within the world of otherwise similar high-income democracies, with high levels of public support for news

in some countries (Nielsen and Linnebank 2011), including significant public service media interventions in much of Northern and Western Europe (Benson and Powers 2011).

To be able to test whether such contextual difference and historical legacies in the structure of different media systems influence individual-level pay behaviour and/or attitudes, we include a strategic sample of six different technologically developed high-income democracies, namely France, Germany, Japan, Spain, the United Kingdom, and the United States. These countries vary in terms of print newspaper circulations, the popularity of online news, and the online news reach of their respective public service media (see Table 1). France and Spain are examples of countries with weaker newspaper industries and more limited public service intervention, but with a high take up of online news. Germany and the United Kingdom have historically strong newspaper industries and strong public service media. However, while the BBC is by far the most widely used online news source in the United Kingdom, in Germany ARD and ZDF have a low online news reach (even when their reach is combined) compared to both their offline performance and most of the other public service outlets studied here. Japan has very strong print newspapers, low use of online news, and more limited public service intervention. Finally, the United States has historically strong newspapers and very limited state support for public media that is reflected in the comparatively low online reach (Benson and Powers 2011; Nielsen and Linnebank 2011). However, online news consumption in the United States is comparatively high.

The popularity of social media for news, which is also detailed in Table 1, is a newer but nonetheless important consideration. Social media news use is particularly high in Spain and the United States, moderately so in France and the United Kingdom, but low in Germany and Japan. Social media can fulfil a variety of roles in people's news consumption routines. More specifically, it may act as both a primary news source and as a gateway to other news destinations. As such, it can be thought of as a convenient source of free news, but it can also be used by private media to route people to their paid-for content. However, it is likely that the popularity of social media for news is partly determined by the overall popularity of social media platforms. For instance,

**TABLE 1**  
News consumption patterns in each country

Country	Weekly online reach of public service media news (%)	Average circulation of paid-for dailies/adult population (copies per thousand)	Weekly use of online news (%)	Weekly use of social media for news (%)
United Kingdom	BBC: 47.7	184.7	72.7	35.7
Germany	ARD or ZDF: 11.8	231.7	60.1	25.0
France	France Télévisions: 13.3	116.7	70.9	34.3
Spain	RTVE: 10.5	59.9	85.6	50.0
United States	NPR: 7.6	157.4	73.8	40.2
Japan	NHK: 14.9	410.0	69.9	20.8

Sources: Average circulation of paid-for dailies/adult population data sourced from *World Press Trends 2015* (WAN-IFRA 2015). All other data sourced from the *Reuters Institute Digital News Report 2015* (Newman, Levy, and Nielsen 2015).

over half of those in both the United States and the United Kingdom that use Facebook for news, say that they do so whilst primarily using it for other purposes (Newman, Levy, and Nielsen 2015). As such, we do not expect there to be a strong association between social media news use and pay attitudes, and include it as a control variable in the analysis rather than as the basis for an additional hypothesis.

The data used to test our hypotheses come from a survey of news consumption carried out as part of the 2015 *Reuters Institute Digital News Report* project. YouGov conducted the survey in partnership with the Reuters Institute for the Study of Journalism at the University of Oxford during late January and early February 2015. An online questionnaire was used to survey over 30,000 respondents across a total of 18 countries, including the six examined here. The sample size in each country was approximately 2000. Respondents were drawn from YouGov’s panel, with the sample in each country representative of the national population, and weighted according to accepted targets based on age, gender, and region. As the survey was concerned with news use, respondents who said that they used news less than once a month were filtered out.<sup>2</sup> This averaged around 5 per cent in each country (see Table 2).

There are several advantages to using the *Digital News Report* data. First, the study includes demographic variables, as well as an extensive list of questions that capture news media use across platforms (broadcast, print, online), online activity (frequency of access, use of social media for news, use of different devices, etc.), and attitudes to news (interest in news, trust in news, etc.). This allows us to control for a range of different factors when conducting the analysis. Second, the survey captured data using the same questions at the same point in time across a range of different countries, affording a comparative analysis across borders. As the survey is repeated annually, the analysis can potentially be replicated to test if the relations identified hold up over time.

The data, however, also have some limitations that need to be kept in mind. First, the data are drawn from an online panel. Therefore, the respondents do not represent a random sample and results will under-represent the media habits of those who are not online, who are generally older, less affluent, and with limited formal education.<sup>3</sup> This is particularly important to keep in mind when considering countries like Spain where more than 20 per cent of the population is still offline. Second, as with all surveys, reliance on recall, social desirability bias, and the like, means that the data may not always provide a completely accurate picture of people’s actual news media use

**TABLE 2**  
List of countries

Country	Starting sample	Non-news users (%)	Final sample size	Total population	Internet penetration (%)
United Kingdom	2313	7	2149	63,742,977	90
Germany	2035	3	1969	80,996,685	89
France	2131	7	1991	66,259,012	83
Spain	2127	5	2026	47,737,941	75
United States	2588	11	2295	318,892,103	87
Japan	2141	6	2017	127,103,388	86

Source: *Reuters Institute Digital News Report 2015* (Newman, Levy, and Nielsen 2015).

(Prior 2009). Ideally, further analysis of paying for news will be based on behavioural rather than self-reported data, but at this stage no such data are available.

## Analysis

### *Dependent Variables*

To record online news payment, each survey respondent was asked: "Have you paid for online news content, or accessed a paid for online news service in the last year?" It also included a note explaining that: "This could be digital subscription, combined digital/print subscription or one off payment for an article or app or e-edition." We included this in recognition that publishers offer a range of different payment options, all of which merit attention. We took the unconventional step of asking about behaviour from the last year because many publishers offer discounts for consumers who pay for 12-month subscriptions in one go, and we wanted to capture those who had done this. Standard problems associated with recall are likely to be partly mitigated by the fact that most people access news daily (Fletcher et al. 2015; Newman, Levy, and Nielsen 2015).

To record willingness to pay in the future, we asked all those who had not paid in the last year: "You said you have not paid for online digital content in the last year ... How likely or unlikely would you be to pay in the future for online news from particular sources that you like?" Available response options were on a four-point scale ranging from "very likely" to "very unlikely". Here, we acknowledged that the stated likelihood of paying in the future refers to a hypothetical scenario, and we therefore interpreted it as a measure of willingness to pay for online news content, rather than indicative of actual future payment.

### *Independent Variables*

Use of online public service media for news was recorded by asking respondents to indicate which news sources they had used in the last week from a list of around 30 of the most popular in each country. The list included the online platforms of television broadcasters, radio stations, newspapers, magazines, and online-only news sources. If the respondent indicated that they had used any of the online news output associated with public service media within their country (listed in Table 1), they were coded into a new binary variable.

To record whether respondents currently pay, or recently paid, for a printed newspaper, the following question was used: "Have you bought (paid for) a printed newspaper in the last week? (This could be an on-going subscription or one off payment for a physical copy)." Again, responses were coded into a new binary variable.

The age (in years) of each respondent was not asked during the survey itself, but was instead drawn from YouGov's data on each member of their online panel submitted during registration. YouGov periodically verify these data, and all resulting discrepancies are investigated.

Other socio-demographic, news attitude, and online use data were recorded using a series of other questions that are not listed here. These questions produced data on gender, gross household income, education, interest in news, trust in news, frequency of internet use, use of social media for news, and smartphone/tablet/computer use. These data are used during the analysis in the form of control variables. Those who responded with “don’t know” to any of the aforementioned questions were removed from the analysis.

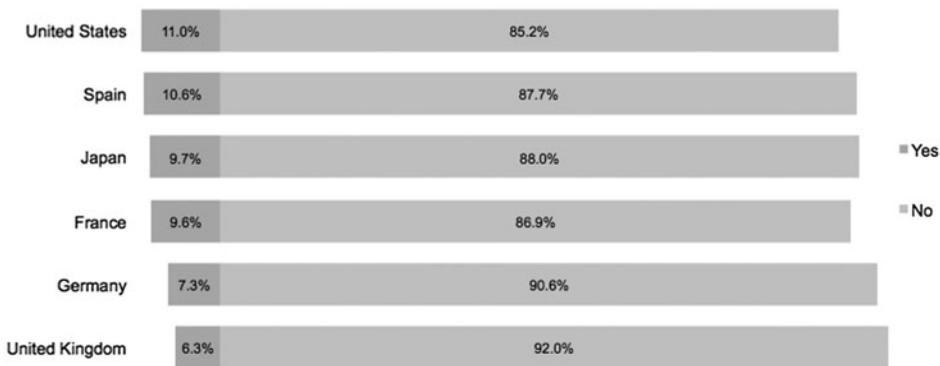
**Results**

Before directly addressing our hypotheses, it is useful to present some descriptive statistics on paying for online news and willingness to pay in the future. Figure 1 shows that a minority paid for online news in the last year, with figures roughly ranging from between 1 in 10 and 1 in 20 in each country. Just 6.3 per cent stated that they had paid in the last year in the United Kingdom, rising to 10.6 per cent in Spain and 11.0 per cent the United States.

There are similar figures for the proportion that stated that they are likely to pay in the future. As is clear from Figure 2, the proportion that said they are likely to pay is dwarfed by the proportion that said they are unlikely to do so. No more than 2 per cent in any country said that they are very likely to pay in the future, and between 43.8 per cent in Spain and almost three-quarters (72.6 per cent) in the United Kingdom said that they are very unlikely to pay. Also, the “order” of the countries for both measures is broadly similar, in that those with higher levels of current payment also tend to have higher levels of willingness to pay.

*Hypothesis Testing*

Our first hypothesis (H1) proposed a negative association between accessing online news from public service media and paying for online news content, or, willingness to



**FIGURE 1**

Proportion of respondents in each country who said they had paid for online news (those who responded “Don’t know” are not shown)

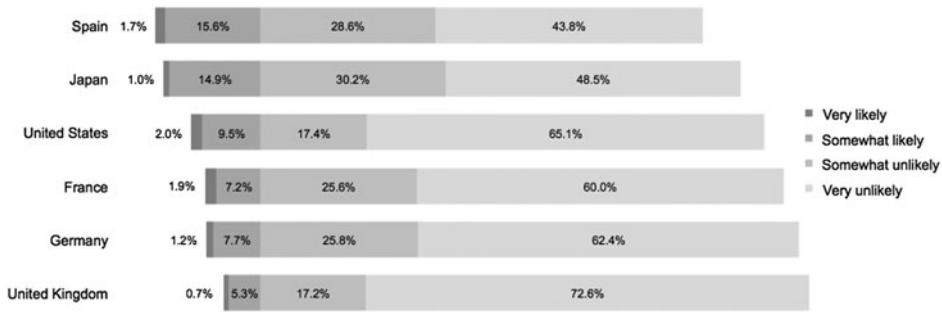


FIGURE 2

Proportion of respondents in each country who said how likely they are to pay for online news in the future (those who responded “Don’t know” are not shown)

pay in the future. The results in Table 3 show that there is no evidence of a negative zero-order correlation in any of the six countries. There is, in fact, evidence of a positive association between public service news access and paying for online news in every country other than Germany, and a positive association with willingness to pay everywhere. This may seem counterintuitive, but it should be kept in mind that others have found that public service media can have a positive impact upon the market as a whole (e.g. Barwise and Picard 2014; BBC 2013). We therefore reject H1, but we will briefly return to the issue later on.

TABLE 3

Zero-order correlations in each country (*r*)

	United Kingdom	Germany	France	Spain	United States	Japan
<b>Hypothesis 1</b>						
“Online news from public service media” and “Paid for online news” <sup>1</sup>	0.05*	0.02	0.11***	0.13***	0.07**	0.09***
“Online news from public service media” and “Willingness to pay in future” <sup>2</sup>	0.17**	0.38***	0.20**	0.20*	0.37***	0.38***
<b>Hypothesis 2</b>						
“Purchased a print newspaper” and “Paid for online news” <sup>1</sup>	0.13***	0.13***	0.23***	0.23***	0.24***	0.19***
“Purchased a print newspaper” and “Willingness to pay in future” <sup>2</sup>	0.14**	0.33***	0.31***	0.44***	0.29***	0.26***
<b>Hypothesis 3</b>						
“Age” and “Paid for online news” <sup>3</sup>	-0.02	-0.09***	-0.12***	-0.13***	-0.03	-0.01
“Age” and “Willingness to pay in future” <sup>4</sup>	-0.17***	-0.08**	-0.12***	-0.05	-0.12***	-0.03

<sup>1</sup>CRAMER’S V.

<sup>2</sup>GAMMA.

<sup>3</sup>PEARSON’S.

<sup>4</sup>SPEARMAN’S.

\**P* < 0.05; \*\**P* < 0.01; \*\*\**P* < 0.001.

Second, we hypothesised a positive association between paying for a printed newspaper and paying for/willingness to pay for online news content (H2). As predicted, we see that those who purchased a newspaper in the previous week are, in every country, more likely to also have paid for online news content in the last year. The association was strongest in France, Spain, and the United States, but weaker in Germany and the United Kingdom. Among those who did not pay in the last year, newspaper buyers were also significantly more likely to express a willingness to pay for online news in the future. Again, the strength of the association was quite weak in the United Kingdom, but considerably stronger in the other European countries, particularly Spain.

Our third and final hypothesis (H3) predicted a negative association between age and paying for/willingness to pay for online news content. Here, the picture is more mixed, but we see some support for this hypothesis everywhere, given that the correlation coefficient has a negative sign in each case. In Germany, France, and Spain, there is an association between age and paying for online news, and among those who are not currently paying, younger respondents are more willing to pay in the future in Germany, France, the United States, and the United Kingdom. Only in Japan was there no significant association between age and either measure.

In order to test the robustness of these associations, we built a series of 12 regression models containing relevant socio-demographic, news attitude, and online access control variables. Because of the differences in data type between our two dependent variables, we used binary logistic regression to test for associations with online news payment, and ordinal regression to test for associations with willingness to pay in the future. We built two separate models (one for each dependent variable) for each country, and introduced into each controls based on gender, gross household income, education level, interest in the news, trust in the news, frequency of internet use, use of social media for news, and smartphone, tablet, and computer use. For both types of model, robust standard errors were computed due to use of complex sampling during the data collection.

Table 4 summarises the results of the models where the dependent variable is paying for online news. Although we have already rejected the hypothesis concerning the use of online news from public service media (H1), we note that in France, Japan, and the United Kingdom, the association disappears once controls are introduced. This makes sense, given that accessing public service news online is itself unlikely to have a positive causal relationship with paying for online news, but may be a confounding variable.

With respect to the hypothesis concerning the association between buying a newspaper and paying for online news (H2), in every country the relationship remains statistically significant. The predictive power of this variable is high in every model, but particularly so in France, Japan, and Spain. We should remember that many publishers offer print/digital bundles, allowing consumers to pay a reduced fee for access to both. Our 2015 survey also included a follow-up question for those who said they had paid for online news, asking them about their method of payment. With some national variation, only a minority of those that paid said that this was because they “made an on-going payment to a digital news service as part of a wider print subscription”. As such, print/digital bundles only explain part of the association, and even when we removed these respondents from the analysis (not shown), the relationship remained statistically significant in every country. It appears, then, that a sizeable proportion of

**TABLE 4**  
Binary logistic regression model (dependent variable: paid for online news in the last year)

	United Kingdom	Germany	France	Spain	United States	Japan
<b>Independent</b>						
Online news from public service media	0.89 (0.24)	1.43 (0.28)	1.50 (0.24)	2.09** (0.22)	2.24** (0.23)	1.47 (0.21)
Purchased a print newspaper	3.67*** (0.27)	2.87*** (0.23)	5.96*** (0.26)	5.03*** (0.21)	4.66*** (0.18)	5.58*** (0.28)
Age	0.98 (0.01)	0.97*** (0.01)	0.97** (0.01)	0.98*** (0.01)	0.97*** (0.01)	0.99* (0.01)
<b>Socio-demographic</b>						
Gender	1.71* (0.23)	1.02 (0.20)	1.40 (0.19)	1.16 (0.17)	1.42* (0.16)	1.64** (0.19)
Income	1.07* (0.03)	1.01 (0.03)	1.00 (0.03)	0.99 (0.02)	1.05* (0.02)	1.04 (0.03)
Degree holder	1.68* (0.22)	1.14 (0.24)	1.19 (0.22)	1.54* (0.18)	1.62* (0.18)	0.92 (0.19)
<b>News attitudes</b>						
Trust in news	0.91 (0.10)	0.99 (0.10)	1.13 (0.11)	0.94 (0.08)	1.14 (0.08)	1.19 (0.13)
Interest in news	1.65** (0.16)	1.46** (0.13)	1.39** (0.12)	1.55*** (0.12)	1.80*** (0.10)	2.08*** (0.12)
<b>Internet use</b>						
Frequency of internet use	1.14 (0.14)	0.90 (0.11)	0.87 (0.10)	1.01 (0.08)	0.90 (0.09)	0.90 (0.10)
Social media for news	1.04 (0.24)	1.23 (0.23)	0.88 (0.21)	1.52* (0.18)	1.04 (0.17)	1.71* (0.21)
Smartphone user	0.79 (0.28)	0.80 (0.23)	1.33 (0.21)	0.51** (0.21)	0.76 (0.19)	1.13 (0.19)
Tablet user	2.03** (0.23)	1.25 (0.21)	2.00** (0.20)	1.88*** (0.17)	1.35 (0.17)	2.26*** (0.18)
Computer user	0.56* (0.28)	0.38*** (0.21)	0.44*** (0.19)	0.35*** (0.17)	0.64 (0.23)	0.35*** (0.22)
N	1698	1593	1631	1769	1868	1643
Nagelkerke $R^2$	0.16	0.14	0.23	0.25	0.22	0.26

Note: Columns showing  $\text{Exp}(\beta)$  with standard errors in parentheses. Gender: reference category is female. Age: unit of change is one year.  
\* $P < 0.05$ ; \*\* $P < 0.01$ ; \*\*\* $P < 0.001$ .

**TABLE 5**  
Ordinal regression model (dependent variable: willingness to pay for online news in the future)

	United Kingdom	Germany	France	Spain	United States	Japan
<b>Independent</b>						
Online news from public service media	1.26 (0.13)	1.44** (0.13)	1.20 (0.13)	1.25 (0.12)	1.70** (0.16)	1.63*** (0.10)
Purchased a print newspaper	1.84*** (0.13)	1.79*** (0.10)	1.97*** (0.10)	1.98*** (0.08)	2.17*** (0.11)	1.56*** (0.09)
Age	0.97*** (0.01)	0.99*** (0.00)	0.98*** (0.00)	0.99** (0.00)	0.98*** (0.00)	0.99*** (0.00)
<b>Socio-demographic</b>						
Gender	1.06 (0.12)	1.12 (0.10)	1.17 (0.10)	1.16 (0.08)	1.12 (0.10)	1.17 (0.09)
Income	1.04* (0.02)	1.03* (0.01)	1.01 (0.02)	1.03* (0.01)	1.01 (0.01)	1.03* (0.01)
Degree holder	0.99 (0.13)	1.25* (0.11)	0.97 (0.11)	1.06 (0.08)	1.28* (0.11)	0.96 (0.08)
<b>News attitudes</b>						
Trust in news	0.93 (0.07)	0.92 (0.05)	1.02 (0.06)	1.02 (0.04)	1.08 (0.05)	1.08 (0.06)
Interest in news	1.21* (0.08)	1.24*** (0.06)	1.19** (0.06)	1.34*** (0.06)	1.26*** (0.06)	1.37*** (0.05)
<b>Internet use</b>						
Frequency of internet use	0.90 (0.07)	0.99 (0.05)	0.93 (0.05)	0.97 (0.04)	0.93 (0.05)	0.91* (0.04)
Social media for news	1.22 (0.12)	1.26* (0.11)	1.14 (0.11)	1.13 (0.08)	1.16 (0.10)	1.35** (0.10)
Smartphone user	0.94 (0.16)	1.08 (0.11)	0.88 (0.11)	0.96 (0.11)	1.02 (0.12)	1.07 (0.08)
Tablet user	1.12 (0.13)	1.10 (0.10)	1.22 (0.11)	1.23** (0.08)	1.19 (0.11)	1.34** (0.10)
Computer user	0.89 (0.17)	0.74* (0.13)	0.81 (0.11)	0.85 (0.10)	0.58*** (0.13)	0.97 (0.13)
<i>N</i>	1534	1431	1429	1428	1574	1392
Nagelkerke <i>R</i> <sup>2</sup>	0.08	0.11	0.10	0.13	0.13	0.12

Note: Columns showing  $\text{Exp}(\beta)$  followed by standard error. Gender: reference category is female. Age: unit of change is one year. All six models were fit to a negative log-log distribution because low values for dependent variable were more likely (see Figure 2).

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ .

those that pay for online news also buy a print newspaper on top at an extra cost, suggesting that some consumers do not make an exclusive choice between print and digital.

In terms of age (H3), for those countries where the zero-order correlation is significant (France, Germany, and Spain), the negative association with paying for online news remains robust even after controls are introduced.<sup>4</sup>

Although not explicitly tested for, the results in Table 4 suggest other characteristics of those who currently pay for online news access. Socio-demographic variables do not appear to have a consistent impact in terms of statistical significance, but tend to point towards men, those with higher gross household incomes, and degree holders. Level of interest in the news also appears to be positively associated with payment, but this should not come as a surprise. The use of social media for news has a positive association with payment in Spain and Japan, but is not a significant variable in the other four countries.

The ordinal regression models where the dependent variable is willingness to pay for online news in the future are summarised in Table 5. As with the previous models, we note that the positive association between online public service media news use and willingness to pay disappears in some countries when controls are introduced.

Newspaper purchasing, on the other hand, again remains a highly significant variable. In every country, those who paid for a printed newspaper in the previous week exhibit a stronger willingness to pay for online news in the future. Taken together with the results from Table 4, H2 is supported.

Returning finally to the third hypothesis, in Germany, France, the United States, and the United Kingdom, the negative association between age and willingness to pay in the future remains significant after controls are introduced. When combined with the previous results, only in Japan do we fail to find any significant negative association between either payment or willingness to pay in the future; and even here the association nonetheless points in a negative direction. In general, younger people are either comparatively more likely to be currently paying for online news, or comparatively more likely to say that they will pay in the future. H3 is therefore largely supported.

## Conclusion

This study has shown, first, that those who pay for printed news are more likely to either currently pay for online news, or are more willing to pay for it in the future. In other words, a reference above zero for offline news is likely to result in a reference price of above zero for online news. Second, those who consume free online news from public service media are no less likely to currently pay for online news, or less willing to pay in the future. Here, we are not claiming that this definitively shows that free news from public service media has no negative impact on commercial providers. Clearly, the issue is complex and can be approached from a number of other angles. Rather, that just because people consume news from public service media that is free at the point of consumption, and therefore have a reference price of zero for some online news, this *by itself* does not help create a reference price of zero for all other news available online. Third, we find that younger people are in some countries more likely to be currently paying for online news, and in others, more willing to pay in the

future. We suggest that one possible reason for this is that younger people are more likely to have a reference price above zero for other forms of digital media, which previous studies have shown to be positively associated with paying for news (Goyanes 2014). However, this explanation is offered tentatively, as we did not measure individual consumption of other forms of digital media. These findings apply to all six countries to varying degrees, despite stark differences in terms of print news consumption, state intervention, online news use, and social media news access.

Our finding that people with a reference price above zero for offline news are more likely to pay for it online is broadly consistent with previous research on reference prices. However, our other finding is in contrast to work showing that those who have access to a zero-price option are less likely to choose a more expensive alternative (e.g. Shampanier, Mazar, and Ariely 2007). However, in a sense this has long been the case for news, because in the countries examined here, a culture of free arguably began with the advent of advertising-supported commercial television. In some cases this coincided with decreases in print circulations, but for the most part people carried on buying newspapers despite the existence of a broadly similar free alternative (Brock 2013). One reason for this is likely to be that large numbers of people believed that print and television news offered something quite different. The same can be said for the much smaller number of people that currently pay for online news and access it for free from public service media, though perhaps to a lesser extent due to the method of access being largely the same. News from public service media and most paid-for providers can be similar in some respects, but they may also serve quite different purposes for consumers. For example, we can conceive of a scenario where people rely on public service news for breaking news and up-to-date coverage of important events, whilst turning to other sources of news for comment and analysis. This raises the possibility that consumers may have a different reference price for different types of news.

On this basis, we offer three potential topics for further research. The first, as has already been mentioned, concerns the possibility that people can simultaneously hold distinct reference prices for different types of online news content. If this is the case, it prompts us to ask how different reference prices are formed, and on what grounds distinctions between different types of coverage are made. For example, one possibility—which is implied by our results—is that people hold different reference prices for online news from public service media and news from print publishers. Alternatively, people may have a reference price of zero for important breaking news because to some extent they feel they have a right to know what is happening, but accept that it is reasonable to pay for more in-depth coverage. Second, do consumers hold different reference prices for different types of news product? Though the association between paying for print and paying for online news suggests that similar content carries a similar reference price, differences in the way that content is experienced still matter. This is likely to be linked to attitudes towards paying for tangible and intangible goods, and following on from that, how well each might fit with particular use cases. To recycle the standard example, digital access may be preferable on a busy commuter train with limited space, with print a more enjoyable experience at home at the weekend. Though such stark differences disappear when comparing digital products, there is still some variation in terms of functionality. The question is whether these differences are linked to reference prices. Third, how can differences in content and products be effectively

marketed by publishers? News can vary greatly in terms of events covered, how they are described, and how they are delivered to the consumer. However, marketing these differences is challenging because a news story can be thought of as an “experience good”, and as such, its essential characteristics—including its quality—can only be determined through its consumption (Hamilton 2004). Because free sources of online news are likely to persist, paid-for publishers have to be able to articulate effectively why their coverage is different, and ultimately, why it is worth paying for.

Finally, we should not lose sight of the fact that in all six countries only a minority pay for online news, or say they are willing to pay in the future. Even this has not been easily achieved, and few believe that it will get markedly easier in the future. On the other hand, it is still early days, and much too soon to come to any kind of verdict about the long-term prospects for online news payment. We do not mean to suggest that encouraging people to pay for online news is straightforward, or that it can be entirely understood in terms of either past behaviour or what people think they might do in the future. Nonetheless, we believe that understanding what drives online news payment merits further examination, and that the reference price theory offers a useful starting point.

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## NOTES

1. See <https://www.americanpressinstitute.org/publications/research-review/paywall-decisions/>.
2. A full description of the survey, its methodology, along with all data from 2012 onwards, is available on [digitalnewsreport.org](http://digitalnewsreport.org).

3. All surveys, whether face-to-face, paper-based, done by telephone, or conducted online, have various shortcomings determined in part by practical constraints, in part by people's reluctance to take part, and in part by a lack of information about the population. Our data rely on YouGov's online panels, weighted to represent the adult population of each country covered here. Respondents are sampled using targeted quota sampling as opposed to random probability sampling and, like many other online panel surveys, uses a matching procedure to deliver the equivalent of a probability sample on the basis of specified demographic attributes.
4. It is important to note that although the odds ratios for the age variable listed in Table 4 (and Table 5) appear small, this is because the unit of change is one year.

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